

Minutes
Mental Health Services Act (MHSA) Fiscal Sub-Committee
Recommendations for FY 2009/10 Statewide Global Planning Estimates
8/28/08

Goal

Develop recommendations for global statewide planning estimates for FY 09/10 for CSS, PEI and Innovation.

Background

Brief review of history of group

The MHSA Government Partners (which has since been discontinued) established a Fiscal Subcommittee to develop recommendations on the statewide level of MHSA planning estimates to be provided. Decisions regarding the statewide global funding levels are made by the entities with statutory responsibility.

Reviewed the roles and responsibilities—Enclosure 1.

Oriented workgroup to fiscal materials—Tables 1-5

Criteria for Decisions

- 1) Must have sufficient cash on 7/1 of each year to make the 75% payment to counties.
- 2) Maximize funding for services at the local level. (MHSA has increased demand for services.)
- 3) Promote sustainable level of service funding.
- 4) Consider county capacity when determining funding level to minimize reversion.
 - a. Challenges for counties under PEI include
 - i. Planning—extensive and complex to outreach to new partners
 - ii. Implementation—contracts with non-traditional providers are more complex
- 5) Include any specific component considerations, e.g. need to fund local CSS prudent reserve by 7/1/10 and for PEI sustaining statewide projects.
- 6) Consider volatility of funding and other risk reduction strategies such as prudent reserve.
- 7) Consider that uncommitted funding can be vulnerable in difficult budget times.
- 8) Strive for simple rules and steady funding.

Assumptions

The annual ongoing funding level for MHSA is expected to be approximately \$1.5B for the near future.

CSS Recommendation

FY 09/10 statewide funding level of \$900M.

Note: Current planning estimate for FY 08/09 is \$650M.

Funding Analysis of Cash Available 7/1/09—Must have 75% to meet obligations

Unreserved funding expected after FY 08/09	\$447.2M (Table 2)
Annual adjustment expected 7/09	364.6M (Table 3)
Redistributed Administrative funds (same as 08/09)	25.6M (Table 1)
Reverted Funds (same as 08/09)	<u>1.7M (Table 1)</u>
Anticipated Cash on hand 7/1/09	\$839.1M

PEI Recommendation

FY 09/10 statewide funding level of \$330M.

\$60M of this amount is one-time funding amortized over 5 years. Note: Current planning estimate for FY 08/09 is \$193M plus expected increase of \$40M.

Rationale:

- Sustainable level is expected to be \$270M.
- Unreserved funding of \$326M is also available. Amortize this funding over 5 years, at approximately \$60M per year.

Funding Analysis of Cash Available 7/1/09—Must have 75% to meet obligations

Unreserved funding expected after FY 08/09	\$326.2M (Table 2)
Annual adjustment expected 7/09	91.2M (Table 3)
Redistributed Administrative Funds (Same as 08/09)	6.5M (Table 1)
Reverted Funds (same as 08/09)	<u>0.4M (Table 1)</u>
Anticipated Cash on hand 7/1/09	\$424.3M

Innovation Recommendation

FY 08/09 and 09/10 statewide funding level of \$71M each year. 25% of the 2 year amount can be used for community planning process

Rationale:

- Sustainable level is projected to be \$71M annually.
- Previously decided to provide \$127M for FY 08/09. Recommend revising that to more sustainable level.
- Expectation is for grassroots/community based input and design for innovative programs. Planning funding is needed for initial and ongoing community engagement.

Funding Analysis of Cash Available 7/1/09—Must have 75% to meet obligations

Unreserved funding expected after FY 08/09	\$199.5M (Table 2)
Annual adjustment expected 7/09	72.3M (Table 3)
Redistributed Admin (same as 08/09)	2.1M (Table 1)
Reverted Funds (same as 08/09)	0.1M (Table 1)
FY 08/09 Commitments	<u>(71.0M)</u>
Anticipated Cash on hand 7/1/09	\$203.9M

Next Steps

- CMHDA to obtain decisions regarding FY 09/10 statewide funding levels for all 3 components.
- OAC to discuss and obtain decisions regarding FY 09/10 statewide funding levels for PEI and Innovation.
- DMH to discuss and get decisions regarding CSS and agreement with PEI and Innovation statewide funding levels.
 - DMH to develop county specific planning estimates with input/principles from CMHDA.
- Fiscal Subcommittee to meet again after Governor's budget projections are provided, 1/09 to review updated projections and consider mid-year CSS augmentation.
- CMHDA will obtain fiscal/economic projections of reasonable levels of unreserved funding.